

**Meeting: #08 - 05
Minutes of Meeting**

Date: August 25, 2008

Time: 10:00 a.m.

Location: NBSO Conference Room B

Attendance: Blair Kennedy (Chair)
Stacy Dimou
Stephen Russell
Ed Howard
Brian Scott
Rick McGivney
Ron Leblanc (Vice-Chair)
Jim Coyle
George Porter
Robert Apold
Norm Seely (Recording Secretary)

Guests: Rob Murray, NBSO
Gerry Chasse (Bangor Hydro)
Bill Marshall

1. Minutes of Previous Meeting

The recording Secretary reviewed suggested changes to the June minutes forwarded by Brian Scott.

On a motion duly moved and seconded, the minutes of the June 25, 2008 meeting were approved as amended (please see June 25th Minutes for the amendment).

2. Business Arising from the Minutes

Brian Scott cautioned the MAC about making statements regarding NBSO compliance with U.S. regulatory orders. The commitment would be to do what is best for reliability in New Brunswick. GENCO commented that FERC Tariff guidelines modified to suit our tariff is ok with FERC.

2a) RMC Allocation

Ron Leblanc indicated that he was contacted by HQ regarding the Residual Monthly Cost allocation. HQ indicated that they would like a written explanation of why the distribution is the way it is and that they would like the request to be reflected in the Minutes.

Action Item: George will draft a response.

b) Alignment of Schedule Changes with Adjacent SO's

The Chair reviewed the previous MAC meeting discussion on this issue. He stated that a Draft report from the MAC was prepared for his review. The Chair stated that this report would be forwarded to the NBSO Board with recommendations and upon publication by the NBSO and approval by the Board, the Market Rule would be amended to reflect the changes to scheduling deadlines. George Porter stated that after the Board approves the recommendation, the amendment was scheduled to be effective October 1, 2008.

c) State of the Market Report

The Chair requested that the MAC move to item d) at this time.

d) Near Term Market Rule Changes for Wind

Prior to the MAC meeting, the recording Secretary sent out a table describing wind power settlement prepared by George Porter. George reported that when the dispatch around wind power production is sent, it will be based on Price/ Quantity pairs. George reviewed the table previously distributed.

Ed Howard stated that over productions results in penalties. He indicated that settlement should pay for shortfall. Collection and Payment may not match which will then go into the RMC.

George Porter indicated that both the Market Participant and the NBSO will do a wind forecast for reliability purposes

c) State of the Market Report

Rob Murray (NBSO) reported that after the last MAC meeting, he sent a draft report on the State of the Market. He received several comments back and thanked the MAC for their input. The document has gone to the Board with minor changes. Rob reviewed those changes and received further comments on including the *status of demand response*. He indicated that these comments could be added to the document.

3. New Business

The Chair requested that the MAC move to item 3c.

3 c) EDF/PQ Pairs.

P/Q pair changes are not currently an issue. GENCO has requested that the NBSO provide PQ pair data changes to be uploaded to the data base to allow for quick changes. This request has not been approved by the NBSO yet. External Dispatchable Facilities (EDF) energy is coming into NB from NE/NY/HQ etc. These are not balanced schedules but displace generation. This energy is coming in small quantities. The NBSO Operators accommodate EDF's on the half hour. GENCO suggested that a review of the EDF role in the market be conducted.

3d) International Power Line (IPL)

The current 700 MW North/South tie line capacity had little Capacity value until recently (200 MW is tied to ISO capacity from NB). Capacity has more value (approx. \$4.00/Kwm) currently. When the IPL capacity goes to 1000MW, Capacity claims from NB to the ISO will go to 716 MW leaving 286 MW of capacity for the rest of the market to vie for.

It was stated that renewable energy projects must have back up capacity. Capacity bids (schedules) should be done on a day ahead basis. However capacity is currently bid in on a month ahead basis. Rob Apold indicated that a consultant is being sought and a meeting is to be scheduled to address this issue. Rick McGivney suggested that the MAC make its own submission.

4. Standing Agenda Items

a) NBSO Update

Adoption of MP-08 Reliability Compliance Program

The Recording Secretary reported that the adoption of MP-08 has concluded after publication and approval. This Market Procedure has been posted on the NBSO web site.

b) MAC Member Updates

The Recording Secretary reported that Kevin Roherty has recently written to the Minister and Deputy Minister of Energy regarding nominations to the MAC on the current vacancies in the Non Eligible customer class and Environmental Interest class. Kevin will be following up on the nominations from the Department of Energy.

c) New NBSO President

The Recording Secretary reported that the New President has been named (Sylvain Gignac) and the press release was distributed to the MAC. The new President will be starting September 15, 2008.

The Chair requested that the MAC refer back to item 2a).

2a) Gerry Chasse VP Bangor Hydro Electric (BHE) –Transmission Issues

Stacy Dimou introduced Mr. Gerry Chasse, VP Operations Bangor Hydro Electric. Mr. Chasse reviewed his role at the utility and outlined several future projects BHE will be involved with.

This included:

- Churchill Falls - 5200 MW Potential
- Maine Wind Development - still limited by transmission
- Transmission Line - Northern Maine to Chester site (wind). Phase 2 would see an upgrade to MEPCO.
- Transmission - St. Andre to Limestone Maine.
- Orrington South 1050 MW to 1200

Gerry reviewed transmission capacity and benefits for renewables. They are looking at all corridors for potential use for routing of future transmission line projects.

GENCO requested information on transmission constraints in December and beyond. Gerry indicated that he didn't foresee any issues with transmission constraints.

The Chair thanked Mr. Chasse for his presentation.

The Chair asked that the MAC allow Bill Marshal to address the meeting with respect to his Government report on the Future of NB Power.

Bill indicated that the report is due back to the Minister by the end of September. The report will include suggestions on how NB Power will be structured and how the Market will develop with the mandate that both have minimal impact on the rate payer.

- 47 entities will be interviewed by Bill Marshall and Bill Thompson
- The MAC is one of the entities (Bill requested input from MAC members ASAP)
- Several options will be explored for NB Power- the simplest is to change the Electricity Act, make HOLDCO the regulated entities and keep the company the same operationally.
- Separate into Regulated/Non regulated companies
- Exit Fees and Stranded Costs
- Leave the Market the way it is

Bill asked that all comments from the MAC be e-mailed directly to him.

The Chair requested that the MAC move to Item 2d.

2d) Near-Term Market Rule Change for wind

George reviewed previously distributed handout

- NBSO needs separate meeting on GENCO's
- In the future, wind can be curtailed if warranted
- A phase in for wind forecasting will occur
- Suggested that a briefing note be prepared

2e) Monthly CBAS procurement with multiple suppliers

Currently we are paying for 90% of dollar value going into the month and 10% going into the hour. NBSO optimization still needs to select best, least costly combinations of options. How and when we receive prices going into the month is the issue based on a monthly procurement. Once you have 2 suppliers, who do you buy from? Lowest price, or first right of refusal?

GENCO expressed their opinion that they should have first right of refusal for the capability period even if supplier number 2 undercuts them mid month. The NBSO will address this with GENCO.

The Chair requested that the MAC move to item 3a/3b/3c)

3a) Presentation of the EA Study results

Due to time constraints and agenda additions, the results will be presented at the next MAC meeting. George did provide a brief update.

- There are economics in wind development in Atlantic Canada
- A model was created and numbers were crunched to support this
- A workshop will follow the report
- Substantial development is economic for NB
- Warrants further study

3b) Discussion of changes required (e.g. Tariff and Market Rules) with Large Scale Wind

George reported that many issues must change in the Market Rules and Tariff. It was suggested that this issue be discussed in the next MAC meeting and have the MAC provide feedback.

3c) Wind Integration

Updates at next meeting

3d) Transmission Developments

George suggested that these topics were covered in Gerry Chasse's presentation.

5. Date of Next Meeting

September 18, 2008

Meeting Adjourned

3:15 p.m.

Respectfully Submitted,

(Original Signed By)

Blair Kennedy
Chairperson

(Original Signed By)

Norm Seely
Recording Secretary